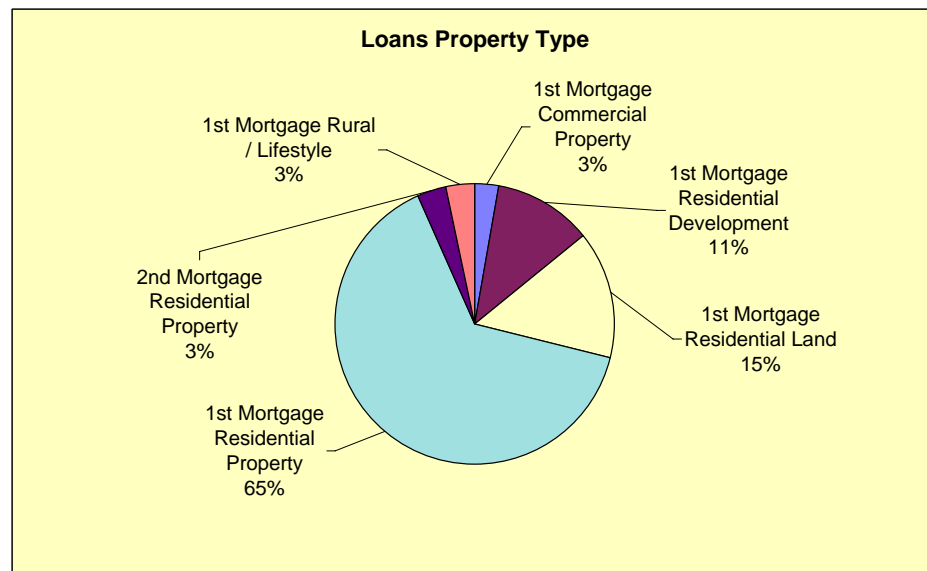


October 2006 NEWSLETTER

Since our last newsletter in September 2006, New Zealand Finance Holdings Limited which is the listed parent company of NZF, reported a first half net profit of \$5.1m which was nearly 200 per cent ahead of the same period a year ago. The growth has come from its investment in Mike Pero Mortgages Limited and other financial services within the Group including a sound result from the finance company activities.

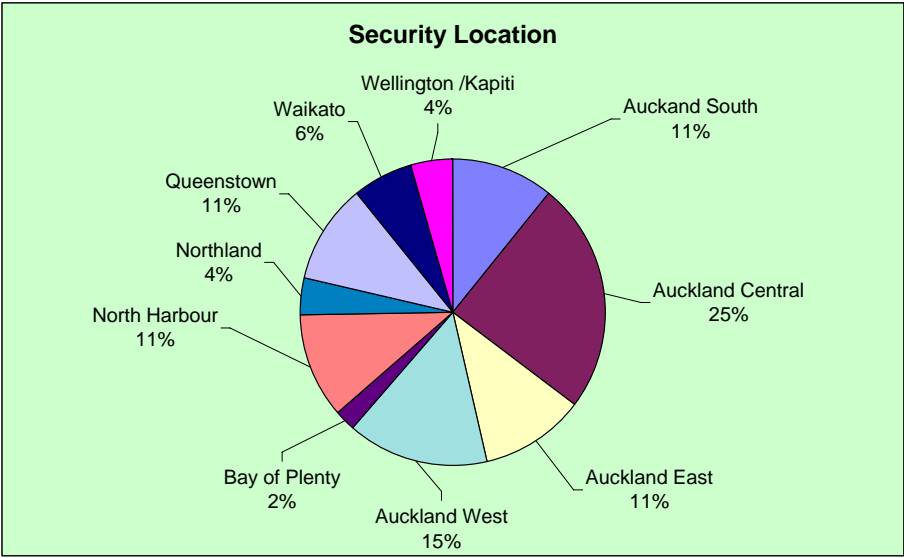
We are pleased to report that the re-investment rate by our existing debenture investors is close to 70% which is considered to be very satisfactory given the somewhat negative sentiment which exists in the market at present.

As at 31st October 2006, NZF had loans of \$ 81,061,332 comprising 143 individual loans, with an average loan size of \$ 566,862. and a summary of the security taken to secure these loans is broken down as follows:

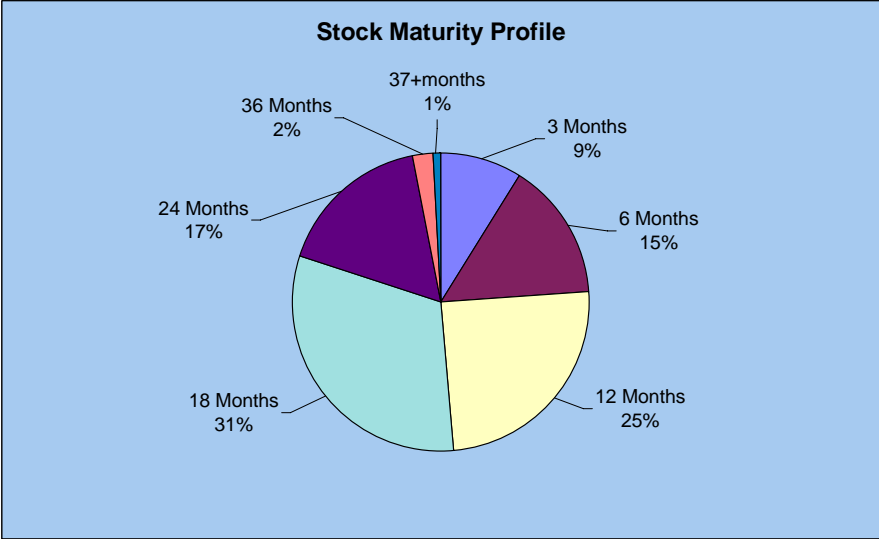


As at 31st October 2006, 97% of loans were secured by first mortgages (68% over existing properties and 11% over property developments) and the balance of loans secured by second mortgages over existing properties. NZF has adopted a conservative lending approach and on average, its loans represent no higher value than 75% against registered valuations. Bad debts written off as at 31st October 2006 remain nil and instalment arrears are only 0.17% of the loan book.

A breakdown of the security property location reveals a good spread of risk with no significant geographical concentrations other than Auckland, however there is an even spread throughout greater Auckland and no exposure to the Auckland inner-city apartment market.



As at 31st October 2006 our investor base was up to 3,922 individual deposits totalling \$ 76,704,337 with an average deposit size of \$ 19,557. This reflects an increase of our Debenture Stock book by \$ 1,822,943 for October.



We welcome any questions that you may have so please do not hesitate to call either myself or John Callaghan at any time on 0800 20 70 70 or visit our website www.nzf.co.nz where we provide a monthly update of the finance company's position.

We welcome any feedback or queries on these figures.

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